

May 6, 1985

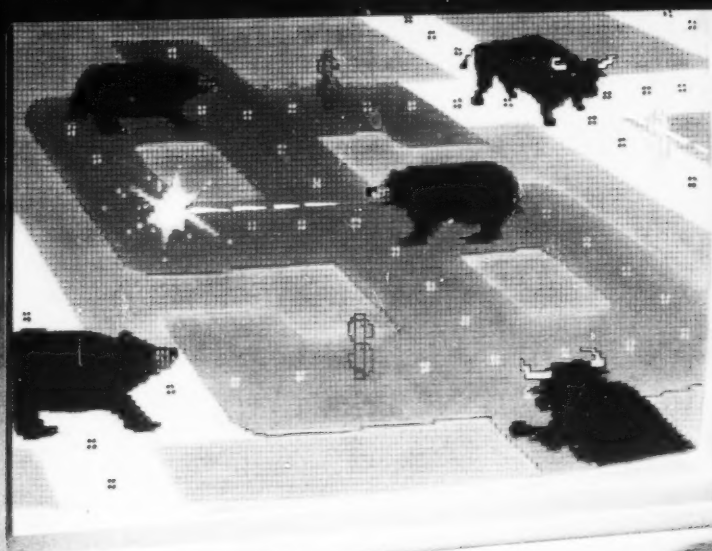
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Forbes

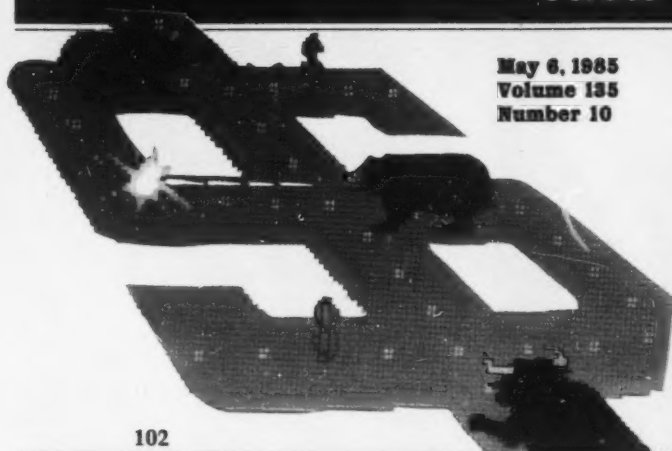
**ELECTRONIC
INVESTING**

**JUST
ANOTHER
COMPUTER
GAME?**



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Number 10



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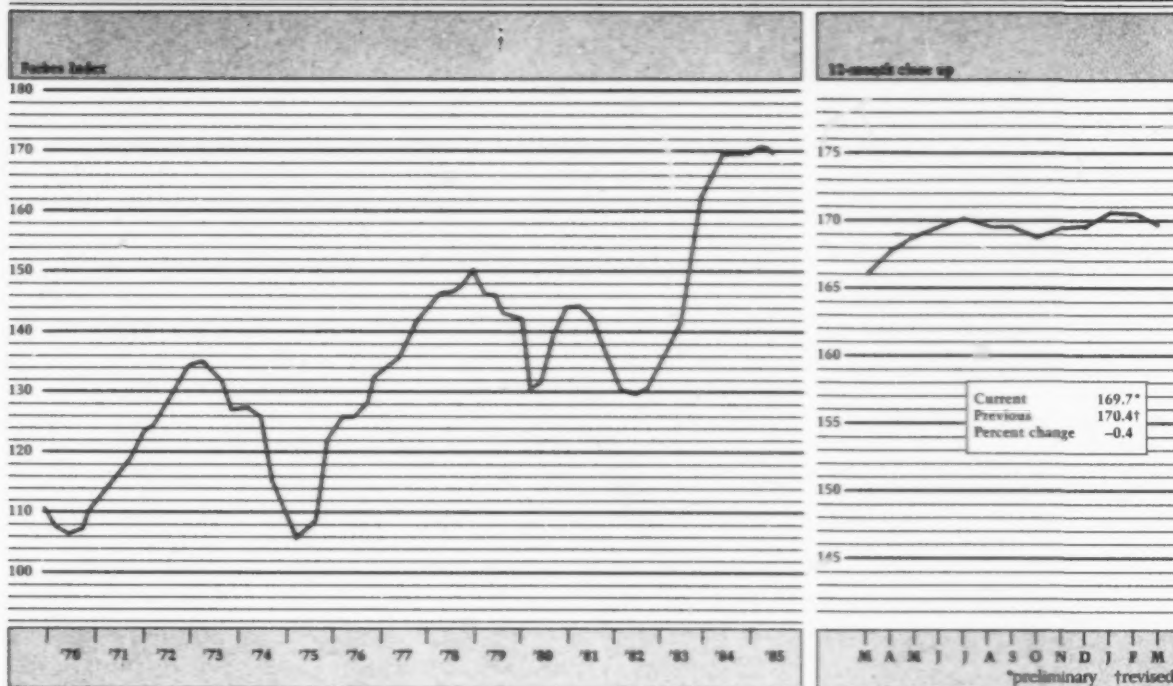
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Cover illustration by Richard Newton

The Forbes Index



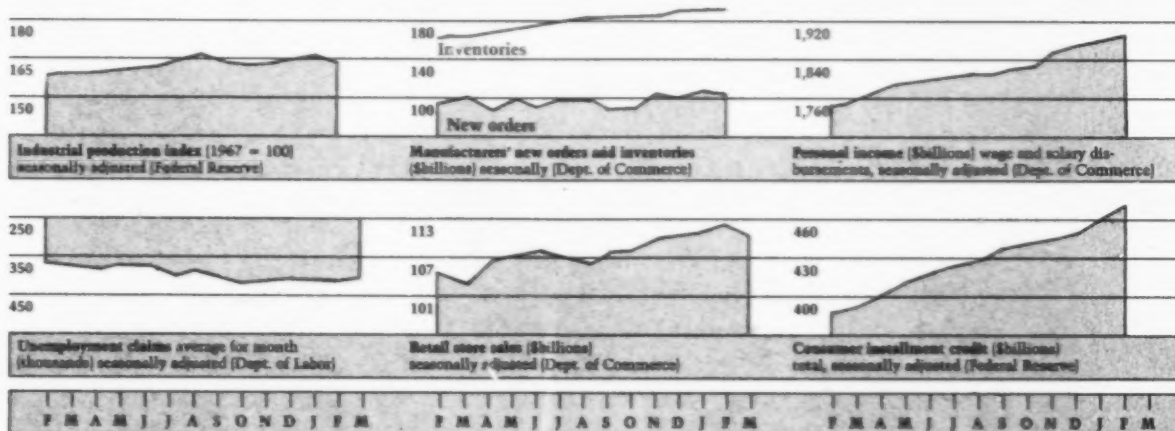
A sharp drop. The Forbes Index, which has been on the decline since February, fell 0.4% in the latest reporting period. This is the sharpest drop since last October. The principal culprit for the latest setback is a 1.9% month-to-month decline in retail sales. The reduced sales figure may not be as bad as it seems, however, because month-earlier figures showed a fairly healthy 1.6% gain.

There were a few bits of good news. Manufacturers' inventories were up 0.1% from month-earlier figures. With such modest growth, inventories are likely to be less dangerously high when the economy slows down than they have been in past cycles. And new unemployment claims fell 3.5% from the previous month. This was the first month-to-month decline since the start of the year.

The Forbes Index Components

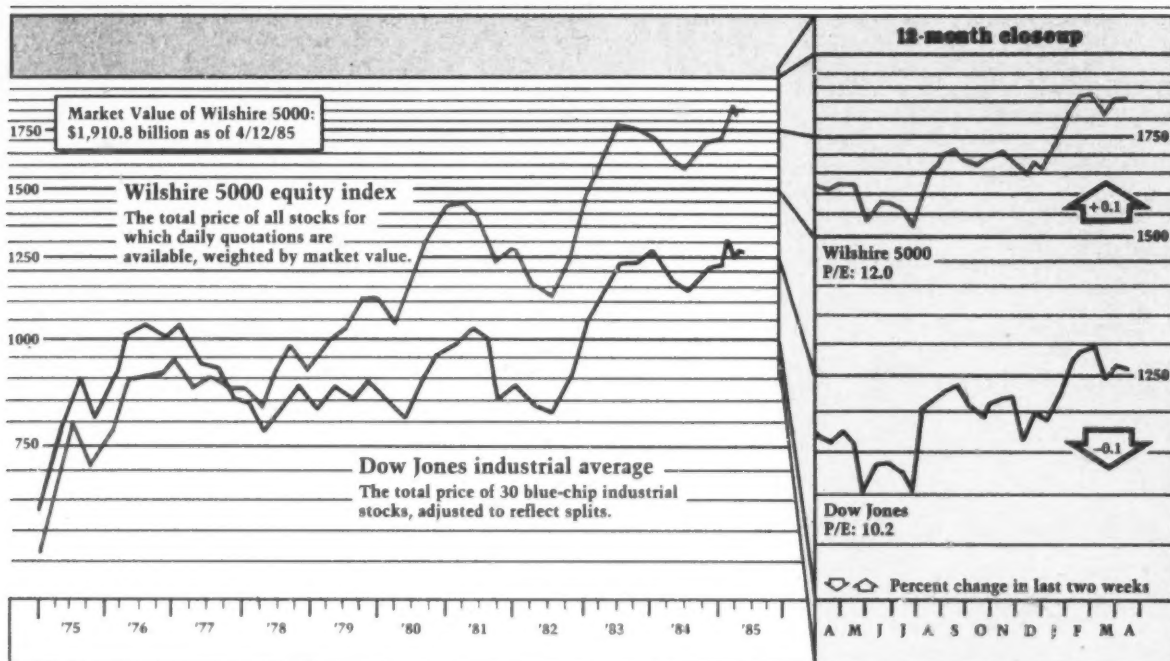
The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, total consumer installment credit.

To measure these eight elements, FORBES monitors ten series of U.S. government data. The last 14 months' data for each series are presented at right.



The Forbes/Wilshire 5000 Review

Edited by Steve Kichen



A sleepy market kept awake by takeover battles. Had it not been for a dozen or so firms fending off prospective acquirers, life would have been fairly dull on Wall Street. After its blistering pace during the first two months of the year, Big Board trading volume settled down to a range of 80 million to 108 million shares a day during the first half of April. Since early March the Dow industrials have been boxed in between the 1240 and the 1280 zones. The Dow

ended the recent two-week period with a 0.1% decline, while the NYSE composite was virtually unchanged. The Forbes Sales 500 declined 0.2%. Smaller companies fared slightly better: The Amex was up 0.4% and the Nasdaq gained 0.5%. The relative strength of smaller issues offset the weakness in big-capitalization stocks, and the overall market, as measured by the Wilshire index, eked out a 0.1% advance.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500 ¹	Dow Jones Industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	2.0	1.9	1.5	2.1	3.2	1.0
in last 52 weeks	15.7	16.3	10.0	15.6	11.6	15.0

Stock performance based on six key investor yardsticks

Percent change	Company size		Volatility ²		P/E multiple		Dividend yield		Growth profile ³		Share price	
	large	small	high	low	over 25	under 5	over 7.5%	none	high	low	over \$40	under \$4
in last 4 weeks	3.1	-1.3	-0.1	2.7	-0.5	1.5	2.8	-0.1	-0.4	3.4	2.6	-1.2
in last 52 weeks	18.5	9.0	13.4	26.4	4.8	26.4	24.9	16.4	12.6	28.7	25.4	0.5

¹Based on sales.

²A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.

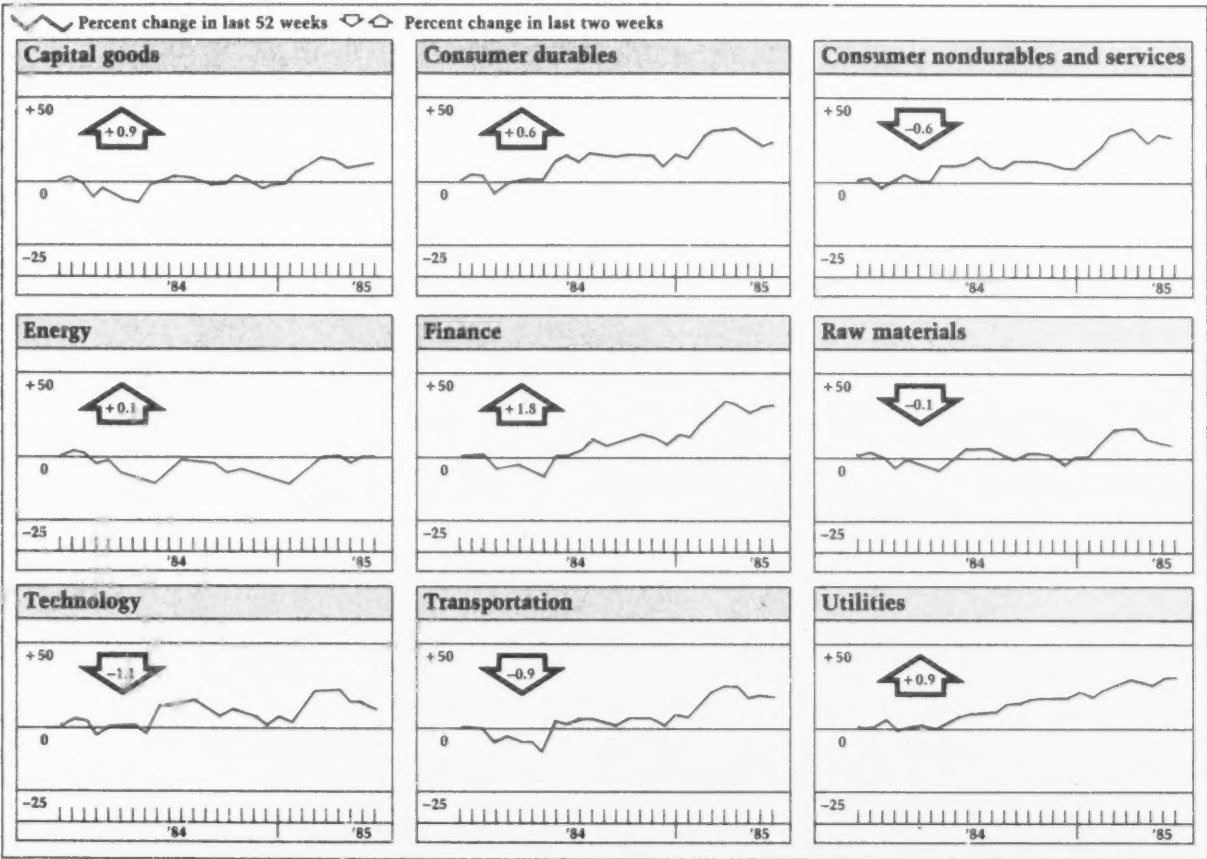
³A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

Note: All data for periods ending 4/12/85. Prepared by Wilshire Associates, Santa Monica, Calif.

Kenneth Alcorn

Where The Action Is

Technology shares resumed their drift downward, with a 1.1% decline. Disappointing figures for retail sales did not help the consumer nondurables sector, which registered the second-worst performance, with a 0.6% decline. Transportation and raw materials also lost ground.



What The Analysts Think

performing sector, technology, is ranked next-to-last on the 1985 estimate change list. During the last two weeks analysts cut their forecasts for this sector by 1.4%.

Performance period	Average earnings per share	P/E
latest 12 months	\$3.68	10.6
1985 estimates	4.35	9.0
1986 estimates	4.93	8.0

Rank based on change in estimate	Sector	Estimated 1985 EPS	P/E	% change in 1985 estimate in 2 weeks	% change in 1985 estimate in 4 weeks
1	Utilities	\$3.60	7.3	-0.13%	-0.21%
2	Finance	3.49	9.2	-0.15	-0.11
3	Capital goods	2.95	11.2	-0.23	-1.31
4	Energy	3.69	8.2	-0.65	-1.68
5	Consumer nondurables	2.67	11.4	-0.78	-1.36
6	Transportation	3.22	9.0	-0.84	-1.37
7	Consumer durables	4.79	8.6	-1.10	-1.06
8	Technology	2.98	12.0	-1.39	-2.87
9	Raw materials	2.41	10.2	-1.95	-4.11

Earnings projections are capitalization-weighted consensus estimates from over 2,000 security analysts. Data are compiled and updated continuously by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan, a New York-based brokerage firm.

Note: All data for periods ending 4/12/85. Prepared by Wilshire Associates, Santa Monica, Calif.; IBES, a service of Lynch, Jones & Ryan, New York.